



California Public Utilities Commission

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News Release

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PUC OPENS INVESTIGATION TO ASSESS RELIABILITY OF PG&E'S INDOOR SUBSTATIONS AND TO DETERMINE POSSIBLE FINES AND PENALTIES FOR DECEMBER 2003 OUTAGE

SAN FRANCISCO, March 28, 2005 – The California Public Utilities Commission (PUC) today announced that in addition to a staff investigation of an electricity outage originating at Pacific Gas and Electric Company's (PG&E) Mission Substation last weekend, it has opened a formal investigation to determine possible fines and penalties against PG&E for a December 2003 outage and fire, also at the Mission Substation. As part of this process, the Commission will also be taking a comprehensive look at the reliability of PG&E's indoor substations across the utility's service territory.

At its business meeting on March 17, the Commission determined that PG&E's failure to implement its own recommendations from a 1996 fire investigation at the Mission Substation jeopardized system reliability and safety. PG&E now has an opportunity to show cause why the Commission should not find that PG&E violated the Public Utilities Code by allowing an unsafe condition to exist at the Mission Substation and why the Commission should not impose appropriate fines and sanctions.

In order to evaluate the safety and reliability of PG&E's indoor substations, the Commission's March 17 order directs PG&E to provide a status report on the condition of its indoor substations, including whether the changes and enhancements made at the Mission Substation have been made at other indoor substations. The Commission has also requested information regarding the number, date, time and duration of fires that occurred in each indoor substation since 1996; the number, date, time and duration of any unplanned outages caused by equipment and cable failures in each indoor substation since 1996; indoor substation equipment and cables that have been identified by PG&E since 1996 for replacement based on age and wear criteria established by PG&E; improvements that have been made in PG&E's electronic outage monitoring system at all indoor

substations and control centers since the December 2003 Mission Substation fire, including an explanation of how the improvements will prevent similar outages; and improvements that have been made in written procedures for each indoor substation for coordinating with local fire departments for fire response at indoor substations since the December 2003 Mission Substation fire.

If the Commission finds that PG&E's maintenance and/or operations practices at other indoor substations are unsafe, unreasonable, improper, or insufficient, it may order PG&E to change or improve its maintenance, operations, or construction standards for substations, to ensure system-wide safety and reliability.

Background

On Dec. 20, 2003, a fire in PG&E's Mission Substation caused an outage to more than 100,000 customers throughout San Francisco. The immediate cause of the fire was an electric cable failure. However, a single electric cable failure, by itself, should not cause an outage to over 100,000 customers. An investigation by the PUC's Consumer Protection and Safety Division (CPSD) determined that other factors contributed to the catastrophic nature of the outage – for example, PG&E had not installed smoke detectors despite its own root cause analysis in the aftermath of a previous fire in 1996 at the same Mission Substation that recommended that smoke detectors should be installed; PG&E's operators did not have appropriate information to evaluate the alarm, which caused them to take no action for two hours; PG&E did not have written procedures for coordinating emergency fire response with the fire department; the surrounding insulation materials were flammable; and auxiliary equipment that did not have to be energized was in fact energized and short-circuited, causing the fire. Had PG&E followed the recommendations made in the fire report from the 1996 Mission Substation fire, the outage would not have occurred.

On March 26, 2005, electricity service was interrupted to 25,000 PG&E customers when a circuit breaker caught fire at the Mission Substation. The reason for the fire is not yet known, but the PUC has an engineer on site to conduct its own investigation, and to monitor PG&E's investigation of the failed breaker.

For more information on the PUC, please visit www.cpuc.ca.gov.

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